



RICHMAX FINVEST PRIVATE LIMITED

**Fair Practice Code**



## 1. **PREAMBLE**

The Fair Practices Code (“FPC”) has been devised by Richmax Finvest Private Limited (“RICHMAX GROUP” or “Company”) in accordance with guidelines issued by The Reserve Bank vide its circular dated September 28, 2006 and subsequent amendments, on Fair Practices Code (FPC) for all NBFCs to be adopted by them while doing lending business. The guidelines inter alia, covered general principles on adequate disclosures on the terms and conditions of a loan and adopting a non-coercive recovery method.

## 2. **PURPOSE**

RICHMAX GROUP has put in place the FPC with an endeavor to achieve synchronization of best practices when the Company is dealing with its stakeholders such as customers, employees, vendors, etc. The Company’s Fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, and servicing and collection activities. RICHMAX GROUP’s commitment to the FPC would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.

The Company’s Board of Directors and the management are responsible for establishing practices designed to ensure that its operations reflect a strong commitment to fair lending and that all employees are aware of that commitment.

## 3. **KEY COMMITMENTS**

The essence of the FPC lies in the following aspects that RICHMAX GROUP shall strive to follow in spirit and in letter:

- To provide professional, efficient, courteous, diligent and speedy services.
- Not to discriminate on the basis of religion, caste, sex, descent in any manner.
- To be fair and honest in any advertisement and marketing of loan products.
- To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards loan transactions.
- If sought, to provide such assistance or advise to customers seeking loans.
- To attempt in good faith to resolve any disputes or differences with customers by setting up complaint redressal system within the organization.
- To comply with all the regulatory requirements in good faith.
- Seek to use governance structures that provide appropriate levels of

oversight in the areas of audit, risk management and potential conflicts of interest and to implement compensation and other policies that align the interests of owners and management.

- Seek to confirm that the funds do not flow to companies that utilize child or forced labor or generally maintain discriminatory policies against religion or gender.
- Ensure compliances relating to Indian regulations prescribed by the Reserve Bank of India ('RBI')

#### **4. GUIDELINES ON FAIR PRACTICE CODE FOR RICHMAX GROUP**

- All communications to the borrower will be either in English or in Vernacular language.
- The application for loan will include matters/information affecting the interests of the borrower so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form will indicate the documents required to be submitted with the application form.
- The rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrowers in the application form and communicated to them in the sanction letter. Further the information shall also be made available in the website of the Company. Interest rate shall always be mentioned on an annualized rate basis and shall be charged on a daily diminishing balance.
- Acknowledgement will be issued to all loan applicants and the same will indicate the time within which the application will be disposed of by the Company.
- The application form will clearly state the information to be provided by the customer to fulfil the KYC norms and to comply with legal and regulatory requirements.

#### **5. LOAN APPRAISAL AND TERMS/CONDITIONS**

- i. Company shall issue a copy of Pawn Ticket (Sanction Letter/Release Token) in Vernacular language as understood to the borrower showing the amount sanctioned and the terms and conditions applicable including annualised rate of interest and method of application thereof. The Company shall keep the acceptance of these terms and conditions by the borrower on its record.
- ii. The company shall mention the additional interest charged for late repayment in bold in the loan agreement.
- iii. A copy of the loan agreement preferably in the vernacular language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all the borrowers at the time of sanction / disbursement of loans.

- iv. The loan agreement shall also disclose the details regarding auction procedure.
- v. The Company shall at all time keep adequate insurance coverage for the gold Ornaments accepted as security

## **6. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS**

- i. The terms and conditions of the loan shall be accepted by the borrower before disbursement of the loan amount. Any change in the terms and conditions of the loan, including disbursement schedule, interest rates, service charges, prepayment charges etc. will be brought to the notice of the customer by sending notice in vernacular language as understood by the borrower. Change in interest rates and other charges will be made only prospectively and not retrospectively. A suitable condition in this regard will be incorporated in the loan agreement.
- ii. Any decision to recall/accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- iii. The Company shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against the borrower. If such right to set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled / paid.

All communication like acceptances (including for amendments or addendum) with the Customer in relation to the sanction / facilities / loan / mandate / proposals shall be in writing and preserved for a minimum period of ten years

## **7. GENERAL**

- i. The Company will not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information not earlier disclosed by the borrower has come to the notice of the lender).
- ii. In the matter of recovery, the Company will not resort to any type of undue harassment viz.; persistently bothering the borrowers at odd hours, use of muscular power for recovery of loans etc. Company shall train all staff to deal with customers in a proper manner.
- iii. The Company shall state the repossession clause in the loan agreement with the borrower which shall contain provisions regarding notice period before taking possession, circumstances under which the notice period can be waived,



procedure for taking possession of the security, provision regarding final chance to be given to the borrower for repayment of the loan before auction/sale of security, procedure for giving repossession to the borrower and the procedure for sale/auction of the property. A copy of such terms and conditions shall be made available to the borrowers.

- iv. In case of auction the Company will give adequate prior notice before the auction date, which will also be announced to the public by issue of advertisements in at least two newspapers, one in vernacular language and another in a national daily newspaper. As a policy the Company itself shall not participate in the auctions held. The gold pledged will be auctioned only through auctioneers approved by the Board.
- v. All loans are sanctioned at the sole discretion of the Company.
- vi. All the fees / charges / interest would be payable as per interest rate policy or as per mutually agreed terms.
- vii. Post disbursement supervision is constructive and the genuine difficulties which the customer may face is given consideration.
- viii. RICHMAX GROUP will consider cases of financial difficulty appropriately. The customer should identify problems and immediately should let RICHMAX GROUP know as soon as possible.
- ix. All personal information of the customer would be confidential and would not be disclosed to any third party unless agreed to by the customer in writing. The term 'Third party' excludes all Law enforcement agencies, Credit Information Bureau, RBI, other banks and financial institutions and any other state, central or other regulatory body.

## **8. TERMS AND CONDITIONS**

When a customer accepts a product or service for the first time, the Company will provide the customer with the Rules and Regulations that are relevant to the product / service.

All Terms and Conditions will be fair and will set the customers rights and responsibilities clearly and in plain language, the Company will use legal or technical language only where necessary.

The Company will make available any charges applicable to products and services applicable

If the Company increases any charges or introduces a new charge. The Company will notify the same to the customers.

The Company will provide the terms and conditions in respect of any product or service whenever a customer requests for the same.

## **9. MARKETING AND PRODUCT SYNERGY**

The Company will ensure that all advertising and promotional material is clear, fair reasonable and not misleading.

The Company will provide the customers with a full range of financial products the customer is eligible for. Some of these products / services will be its own; some others will be the products of the group or associate companies and also companies with which the Company will have arrangements with.

It will be the endeavor of the Company to bring synergy between the various financial services, financial products, by cross selling these products to its clientele.

## **10. RESPONSIBILITY OF BOARD OF DIRECTORS**

The Board of Directors of RICHMAX GROUP has laid down grievance redressal mechanism within the organization as per details mentioned in the next paragraph. Such a mechanism ensures that all disputes arising out of the decisions of RICHMAXGROUP's functionaries are heard and disposed of at least at the next higher level. The Board of Directors of RICHMAX GROUP shall annually review the compliance of the FPC and the functioning of the GRM. A consolidated report of compliance shall be submitted to the Board every year.

## **11. GRIEVANCE REDRESSAL MECHANISM**

- i. The Company has framed a suitable mechanism for redressal of customer grievances/ complaints. All disputes arising out of the decisions of the Company are heard and disposed of at least at the next higher level. A Grievance Redressal Committee is constituted at Corporate Office comprising of Chief Executive Officer, Chief Financial Officer, Head (Operations and Risk Management), Head Sales, Marketing & Recovery and Senior Manager (Administration). The Committee shall review the compliance of the fair practice code and the functioning of the grievance redressal mechanism on a quarterly basis. A consolidated report of such reviews shall also be submitted to the Board of Directors on a half yearly basis.
- ii. The Company shall designate a Senior Officer of the Company as Grievance Redressal Officer for resolving customer complaints. Name, Phone Number and email id of the Grievance Redressal Officer shall be displayed in all branches. Grievance Redressal Officer shall also act as the Compliance Officer to ensure compliance of Fair Practice Code.
- iii. In case a customer complaint/dispute is not redressed within a period of one month, the customer may appeal to the General Manager, Reserve Bank of India, Department of Non-Banking Supervision, Bakery Junction, Thiruvananthapuram (Ph.0471 2338818).

## **12. LENDING AGAINST COLLATERAL OF GOLD JEWELLERY**

While lending to individuals against gold jewellery, Richmax Group shall adopt the following in addition to the general guidelines as above.

- i. Richmax Group shall put in place Board approved policy for lending against gold that should inter alia, cover the following:
  - a. Adequate steps to ensure that the KYC guidelines stipulated by RBI are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan,
  - b. Proper assaying procedure for the jewellery received,
  - c. Internal systems to satisfy ownership of the gold jewellery,
  - d. The policy shall also cover putting in place adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. As a policy, loans against the collateral of gold should not be extended by branches that do not have appropriate facility for storage of the jewellery,
  - e. The jewellery accepted as collateral should be appropriately insured,
  - f. The Board approved policy with regard to auction of jewellery in case of non-repayment shall be transparent and adequate prior notice to the borrower shall be given before the auction date. It shall also lay down the auction procedure that would be followed. There shall be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities,
  - g. The auction shall be announced to the public by issue of advertisements in at least 2 newspapers, one in vernacular language and another in national daily newspaper.
  - h. As a policy the NBFCs themselves shall not participate in the auctions held,
  - i. Gold pledged will be auctioned only through auctioneers approved by the Board.
  - j. The policy shall also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.
  - k. The Company would put in necessary framework and processes for ensuring compliance with the recommendations of the Working Group on NBFC lending against collateral of gold jewellery as enumerated under Circular No. DNBS.CC.PD.No.356 /03.10.01/2013-14 dated September 16, 2013. Regarding the valuation of the gold jewellery, company to follow the guideline as per the circular DNBR.CC.PD.036/03.10.01/2014-15 dated May 21, 2015.
- ii. The loan agreement shall also disclose details regarding auction procedure.
- iii. As per Circular No. DNBR.CC.PD.036/03.10.01/2014-15 dated May 21, 2015, the valuation of gold jewellery for arriving at loan to value shall be done at the average cost of

closing price of 22 carat for proceeding 30 days as quoted by Bombay Bullion Association (BBA) or the historical spot gold price data publicly disseminated by a commodity exchange regulated by Forward Market Commission (FMC)

The Company will abide by all guidelines, directives, instructions and advices of Reserve Bank of India as will be in force from time to time. The contents in this document shall be read in conjunction with these guidelines, directives, instructions and advices. The Company will apply better practice so long as such practice does not conflict with or violate Reserve Bank of India regulations.

### **13. NBFC OMBUDSMAN**

If the Company does not reply within a period of one month after receipt of the complaint, or rejects the complaint, or if the complainant is not satisfied with the reply given, the complainant can file the complaint with the NBFC Ombudsman under whose jurisdiction the branch/ registered office of the NBFC falls.

### **14. CONFIDENTIALITY**

a. Unless authorized by the customer the Company will treat all personal information as private and confidential.

b. The Company will not reveal transaction details to any other entity including within the group other than the following exceptional cases.

- If the Company have to provide the information by statutory or regulatory laws,
- If there is a duty to the public to reveal this information.
- If its interest requires us to provide this information (e.g. fraud prevention).
- The Company will not use this reason for giving information about customers to anyone else (including group companies) for marketing purposes.
- If customer has given consent / concurrence to provide/ share such information to its group / associate / entities or companies for providing other products or services.
- Where the customer asks us to reveal such information to its group / associate / entities or companies for providing other services or products